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SUBJECT: UNIFICATION MINISTER PREVIEWS NORTH-SOUTH
MINISTERIAL

REF: A. SEOUL 359
[1](#)B. SEOUL 457

Classified By: Amb. Alexander Vershbow. Reasons 1.4 (b/d)

[1](#)1. (C) SUMMARY: In a one-on-one breakfast meeting on February 20 with the Ambassador, Unification Minister Lee Jae-joung stressed that the February 13 Beijing agreement on "initial actions" was a good first step, but implementation was now the key. He said that the ROKG at inter-Korean ministerial talks February 27 - March 2 in Pyongyang would urge the DPRK to make good on its obligations toward denuclearization. He expected the North to request a resumption in ROKG fertilizer, rice and light-industrial aid.

The ROKG probably would restart fertilizer assistance in time for the spring planting season, but proceed more slowly on food and other assistance pending further DPRK steps on Six Party Talks and inter-Korean issues. Asked if he would meet with Kim Jong-il or if an inter-Korean summit would be on the agenda of the ministerial, Lee said he had no idea about a meeting with Kim Jong-il, and that he did not intend to raise the summit issue at this point. President Roh still hoped to do a summit, however, but it would depend on the North Koreans. He said the chance of a North-South summit in 2007 was a 50-50 proposition. END SUMMARY.

[1](#)2. (C) During a February 20 breakfast meeting requested by Unification Minister Lee Jae-joung, Lee told the Ambassador that the ROKG saw the February 13 Beijing agreement on "initial actions" as a solid first step but much work remained to be done. The ROKG's long-term goal was Korean denuclearization. In the meantime, Seoul wanted to "normalize" North-South dialogue to get back to where it was before the DPRK's provocative missile launches and nuclear test last year. The South planned to achieve this in a step-by-step manner, closely coordinating inter-Korean talks and the Six Party Talks (6PT).

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[1](#)3. (C) Lee explained that the focus of the 20th round of inter-Korean ministerials, February 27 to March 2 in Pyongyang, would be on restarting suspended inter-Korean activities, and the South would seek to secure a DPRK reaffirmation of the February 13 agreement. Lee expected the DPRK to seek resumed fertilizer, rice and light-industrial

goods assistance. The ROK would press for inter-Korean family reunions and cooperation on efforts to determine the whereabouts of South Koreans missing since the end of the Korean War (i.e. abductees and POWs), which was on the agenda at the last round of the North-South ministerials in July 2006 in Busan. Lee said the ROKG would probably resume fertilizer assistance in time for the planting season in late March and early April, but proceed more slowly with food and other assistance pending the North's fulfillment of initial obligations under the February 13 agreement. Looking ahead, Lee predicted that follow-on inter-Korean ministerials would probably occur in late March and then again in May or June. The ROKG, he said, would be unlikely to resume rice assistance until inter-Korean economic talks, probably at the level of the Economic Cooperation Promotion Committee (ECPC), in April, but this would depend on North Korean implementation of its commitments.

14. (C) Asked about potential USG concerns regarding resumed inter-Korean dialogue, the Ambassador agreed on the importance of the February 13 agreement, which he said was just a first step. The USG and ROKG needed to coordinate to maximize its leverage on the DPRK, not only for the first 60 days but also to get the DPRK to disable and declare its nuclear programs and weapons in the next stage. These were even more difficult tasks, representing the first real test of whether the DPRK was serious about denuclearization. The USG recognized the importance of North-South dialogue and shared the ROKG's concern about the humanitarian situation in North Korea. The USG was also exploring various options to ensure that all sides met their February 13 commitments. It would remain essential for the U.S. and ROK to coordinate closely with one another. Washington would welcome Lee's remarks about resuming aid in stages to keep the North's feet to the fire and to calibrate promises of aid with the 6PT.

ODDS FOR NORTH-SOUTH SUMMIT AT 50-50

15. (C) Asked whether a possible North-South summit would be on the agenda for the ministerial and if he expected to meet with DPRK leader Kim Jong-il or Kim Yong-nam, president of the Presidium of the DPRK Supreme People's Assembly, Lee said that the South would not propose a summit at this time nor did he know whether he would have a meeting with high-level DPRK officials. Lee said a summit always depended on the views of DPRK leaders, but also the South needed more concrete progress toward a DPRK abandonment of its nuclear programs, which would be the foundation of any Korean Peninsula peace regime. The South also hoped to avoid politicization of a potential inter-Korean summit. The opposition Grand National Party had already made critical comments about a possible summit. Lee reiterated that the focus of this ministerial would be to resume suspended activities and to normalize the North-South relationship (COMMENT: Lee's reference to "normalization" implies getting back to the relationship suspended since July 2006 vice diplomatic normalization. END COMMENT).

16. (C) The Ambassador said that Washington did not have a position on a possible North-South summit. Speaking personally, he said that it would be good to proceed with caution to see first whether the DPRK fulfilled its obligations under the February 13 agreement. The Ambassador noted that some South Korean media reports saw the establishment of a peace regime as a deliverable for a possible inter-Korean summit this year. In that regard, he pointed out that the USG could begin discussions of a peace regime with the DPRK, but, as called for in the September 19, 2005 Joint Statement, any conclusion of a peace regime could only be in the context of DPRK denuclearization. As President Bush had told President Roh, it would be difficult to conceive of a peace regime with a nuclear-armed DPRK.

17. (C) Lee said that he understood the Ambassador's points and emphasized that a summit would not be on the agenda for the immediate ministerial meeting. Still, President Roh

remained interested in a summit, and there was a 50-50 possibility that there would be a summit in 2007. The key was to implement the February 13 agreement. Furthermore, any summit would need to give a clear impetus or define the roadmap to denuclearization. A summit would also have to contribute to regional security in Northeast Asia, something Lee said was a particular point of emphasis for President Roh.

18. (C) Lee noted that Seoul hoped that Washington could welcome the resumption of inter-Korean dialogue. The Ambassador said that he understood the point. To this end, it might be helpful if Minister Lee would stress publicly that ROKG aid would be restarted on a step-by-step basis and in careful coordination with progress in the 6PT. Lee responded that the ROKG would continue to coordinate closely with the USG as the North-South process developed.

KAESONG INDUSTRIAL COMPLEX

19. (C) Lee remarked that should things go well in the 6PT and inter-Korean dialogue, the ROKG would expect Hyundai Asan, the South's leading investor in the Kaesong Industrial Complex (KIC), to seek more investment from ROK businesses. ROK companies, particularly small and medium enterprises, were interested in the KIC as a low-wage place to relocate production. As the project grows, the KIC could be a tool for long-term economic change inside North Korea, he insisted. Lee said he had no indication that the DPRK would agree to relink inter-Korean railways at the talks in February, but it was his understanding that the DPRK might need improved railways to bring in workers to the KIC from elsewhere in the DPRK. Still, progress at the 6PT was a precondition for significant investment at the KIC. Lee recalled that during his January 24 visit to the KIC, he told Ju Dong-chan, Head of the Central Special Zone Development Management Agency of North Korea, that the provision of ROKG light-industrial assistance to the KIC needed to be calibrated with progress at the 6PT (ref A).

COMMENT

10. (C) Lee's eagerness to meet with the Ambassador (Lee had proposed meeting during the Lunar New Year holiday) clearly represented part of a coordinated ROKG effort to send the message that, despite speculation about a rush to resume dialogue with the DPRK, Seoul would act in a prudent way and in consultation with the USG. Lee delivered essentially the same message as DNSA Yun Byung-se and ROKG 6PT representative Ambassador Chun Yung-woo last week on the need for the DPRK to implement the February 13 agreement (Septels-NOTAL). As we noted in ref B, MOU officials on February 14 apologized for not briefing the Embassy ahead of the announcement of the resumption of working-level Korean talks at the KIC; in that instance, DNSA Yun complained to MOU about the need for improved consultations with the Embassy. END COMMENT.
VERSHBOW